

STATE OF WASHINGTON

MIKE KREIDLER
STATE INSURANCE COMMISSIONER



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OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	
)	ORDER NO. D07-124
GROUP HEALTH COOPERATIVE)	
)	CONSENT AND ORDER
Authorized Health Maintenance)	LEVYING A FINE
Organization)	

FINDINGS OF FACT

1. Group Health Cooperative ("GHC" or "Group Health") is an authorized Health Maintenance Organization registered in Washington State.
2. In 2006, OIC audited rates appearing on an internet insurance web site. An OIC actuary noted that the web site description of the rate structure for Group Health individual health plans for families with three or more dependent children under twenty-one years old was different from the rate structure description on file with OIC.
3. OIC contacted Group Health's actuary, and learned that GHC was charging a per-dependent child rate for only the first two children; additional children were covered at no additional charge. However, the then-current rate filing with OIC indicated a rate would be charged for each covered child.
4. The company reported that it has been using this rate structure since 2001.
5. The Company did not fully respond to OIC's request for the number of families charged under the unfiled rate structure since 2001, but only disclosed that for the plan year April 1, 2006 through March 31, 2007, 221 families with three or more children were charged the unfiled rates. Using this number, the OIC estimates that the total number of families charged under this unfiled rate structure since 2001 is 1105 families (221 X 5).

CONCLUSIONS OF LAW

1. By using a schedule of rates not filed with the OIC prior to use, Group Health Cooperative violated RCW 48.46.062(2).

2. RCW 48.46.135 authorizes the Commissioner to fine a health maintenance organization not less than fifty dollars and not more than ten thousand for each violation of Chapter 48.46 RCW.

CONSENT TO ORDER

NOW, THEREFORE, Group Health Cooperative consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of the company's fine on such terms and conditions as are set forth below:

1. Group Health Cooperative consents to the foregoing Findings of Fact and Conclusions of Law as they pertain to the matters described herein, consents to the entry of the Order and waives further administrative or judicial challenge to the OIC's actions related to the subject matter of the Order;
2. Within thirty days of the entry of this Order, Group Health Cooperative agrees to pay to the OIC a fine in the amount of \$11,050 (Eleven Thousand and Fifty Dollars);
3. Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of Group Health Cooperative's Health Maintenance Organization Certificate of Registration, subject to any and all applicable rights of Group Health Cooperative to contest such action.
4. Group Health Cooperative understands and agrees that any future failure to comply with the statutes which are the subject of this Order may constitute grounds for further penalties which may be imposed in direct response to that further violation.

EXECUTED this 16th day of April, 2007.

	<p>GROUP HEALTH COOPERATIVE</p> <p>By: <u>Maurice McLaughlin</u></p> <p>Title: <u>Executive Vice President, Health Plan</u></p>
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ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. Group Health Cooperative is ordered to pay a fine in the amount of \$11,050 (Eleven Thousand and Fifty Dollars).
2. The Company's failure to pay the fine within the time limit set forth above may result in the revocation of the Company's Health Maintenance Organization Certificate of Registration, subject to any and all applicable rights of Group Health Cooperative to

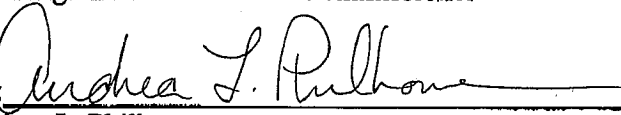
contest such action, and shall result in the recovery of the fine through a civil action brought on behalf of the Commissioner by the Washington State Attorney General.

ENTERED AT TUMWATER, WASHINGTON this 18th day of April, 2007.

Mike Kreidler

Washington State Insurance Commissioner

By:



Andrea L. Philhower

Staff Attorney, Legal Affairs Division